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INTEGRATED RESOURCE
MANAGEMENT--IN THE YEAR 2000

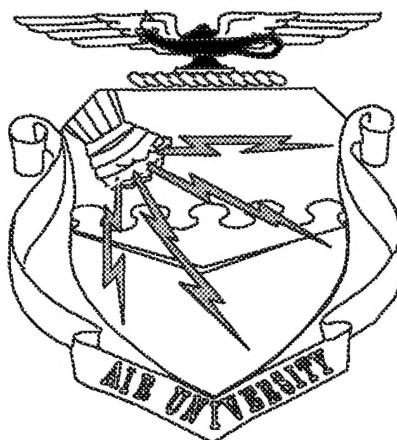
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EXECUTIVE SUMMARY

Force structure and infrastructure reductions since 1989 have had a direct impact on all Air Force career fields. During this period of dramatic change, every career field has had to evaluate all its processes in light of an ever-shrinking resource pool. Some difficult decisions have been implemented which effectively lowered the level of service for processes to the minimum necessary for mission accomplishment. Without a doubt, there are many difficult resource decisions that have not yet been made that will also impact the ability of the installation commander to accomplish his or her mission. One point is clear; however, the installation commander in the year 2000 will have to squeeze every ounce of capability out of his or her available resources to effectively accomplish the mission. Accordingly, this paper outlines a proposal to develop an integrated resource management (IRM) capability that will help the commander in the year 2000 get the most efficient and effective use of his or her resources.

This IRM capability will provide for the commander's needs by providing him or her with "one stop shopping" for all resource management issues. This IRM capability would consist of an integrated team of resource managers (e.g., Financial Management, Manpower, Personnel) that would be trained to identify, research, and analyze resource management issues. This ad hoc team would work in their primary specialty until the commander tasked them to resolve a cross-functional resource management issue. IRM team members would bring their functional expertise to the table on any resource management issue--much like they do today. However, they would also receive comprehensive analysis training, allowing them to investigate the root causes of resource issues. Finally, they would work resource issues as an integrated team, instead of independent consultants.

To effectively implement the IRM capability by the year 2000, all resource management career fields must start working toward that objective today. Specifically, HQ USAF resource managers should develop an implementation plan that will detail the concept so everyone understands its potential; detail the milestones necessary to implement a seamless database by the year 2000; identify and define the performance measures that we should start collecting; define performance analysis; define the training necessary to complete performance analysis; and outline the IRM membership and responsibilities.

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INTEGRATED RESOURCE MANAGEMENT--IN THE YEAR 2000

INTRODUCTION

Force structure and infrastructure reductions since 1989 have had a direct impact on all Air Force career fields. During this period of dramatic change, every career field has had to evaluate all its processes in light of an ever-shrinking resource pool. Some difficult decisions have been implemented which effectively lowered the level of service for processes to the minimum necessary for mission accomplishment. Without a doubt, there are many difficult resource decisions that have not yet been made that will also impact the ability of the installation commander to accomplish his or her mission. One point is clear; however, the installation commander in the year 2000 will have to squeeze every ounce of capability out of his or her available resources to effectively accomplish the mission. Accordingly, this paper outlines a proposal to develop an integrated resource management (IRM) capability that will help the commander in the year 2000 get the most efficient and effective use of his or her resources. Specifically, this paper will review some assumptions concerning the operational environment in the year 2000 (to include the impact of the Government Performance and Results Act (GPRA)), highlight several future commander's needs, and will describe the benefits and capabilities of integrated resource management to the commander.

DISCUSSION

The resource-constrained environment of the future will place increased demands on commanders at all levels to make cost and performance tradeoffs--they will need the help of all resource managers (e.g., Financial Management, Manpower, Personnel) to do

this difficult task. To make decisions, commanders must have both a clear understanding of all resource dynamics (e.g., people, materiel, and dollars) and the relationship between cost and performance. To assist the commander, we must be able to analyze processes in terms of performance and analyze performance in terms of unit cost. We must become the commander's honest "resource" broker with an in-depth knowledge of the fiscal dynamics. The emphasis must focus on effective performance and efficient use of resources applying to the entire unit mission--from the daily organize, train, and equipping to contingency planning and execution.

Of course, we must first evaluate the probable operational environment in the year 2000 and outline some of the major assumptions that will influence the commander's ability to effectively and efficiently satisfy mission requirements. Six assumptions were identified during a Manpower Strategic Planning Conference in February 1994 (2:2). Even though they were developed for the Manpower career field, they provide a solid baseline for all resource management career fields to assess the future operational environment. Specifically, the following assumptions indicate that there will probably be:

1. Continued emphasis on resource constraints,
2. Decreased emphasis on specialization,
3. Smaller infrastructure with respect to force structure,
4. An expanded use of information technology (that will impact work in ways not yet seen),
5. An increased reliance on flexible and mobile forces, and
6. An increased link between Manpower, other costs, and performance (e.g., GPRA).

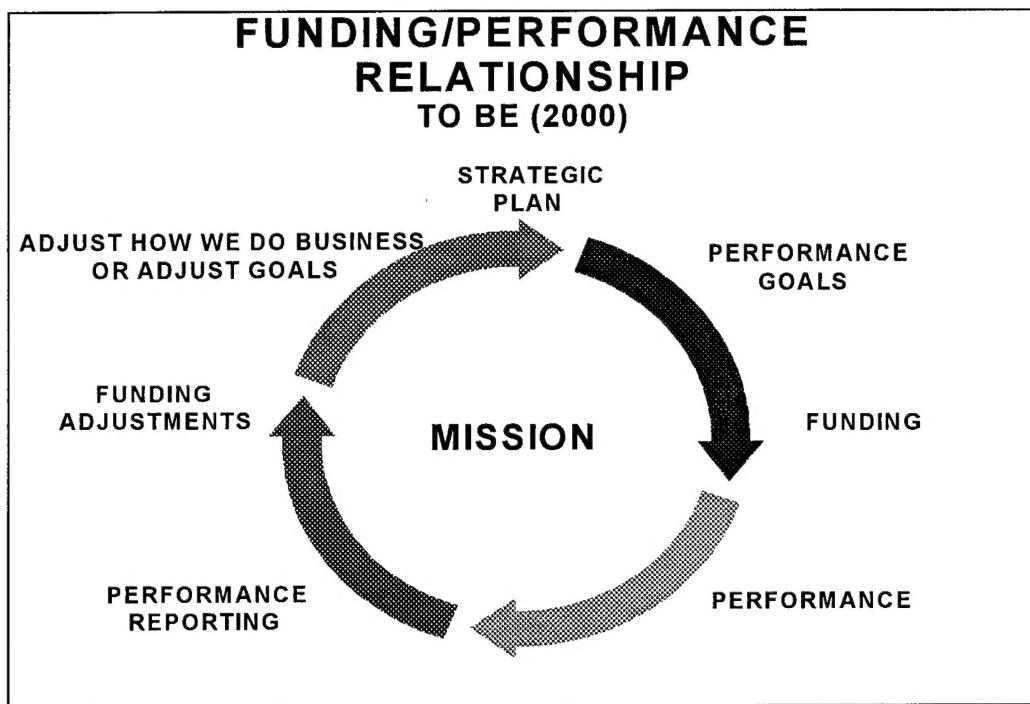
Generally, these assumptions indicate that the Air Force must be able to field a smaller, multi-skilled force in the year 2000. We will probably not be able to afford the degree of specialization that exists within many career fields today (e.g., cost analyst, suggestion program manager). Likewise, we will not be able to afford the degree of overlapping responsibilities that exists between career fields (e.g., Auditor performance audits vice Manpower standards). The last assumption identified above could also serve as a potential solution to the challenges caused by the first five assumptions.

Specifically, the GPRA provides the legal connection to performance analysis by mandating a strategic plan by September 30, 1997, a performance plan by October 1, 1999, and performance reporting by March 31, 2000. The GPRA applies to each federal agency, to include all of its major functions and operations. For the purpose of this law, OSD is an agency. The major functions and operations could be the four Services and the major commands, respectively. In other words, the law does not require GPRA implementation down to the installation level--yet. However, the law does require GPRA pilot programs to be implemented within several federal agencies. (1:7)

The pilot program reports should help Congressional staffers develop more detailed GPRA implementation guidance for the federal government. With that in mind, three Air Combat Command installations were approved as GPRA pilot programs. This could be an indication that GPRA legislation may lead to performance-based budgeting down to the installation level

Under ideal conditions, the GPRA would operate as one continuous funding/performance cycle relationship (as indicated below), instead of the two

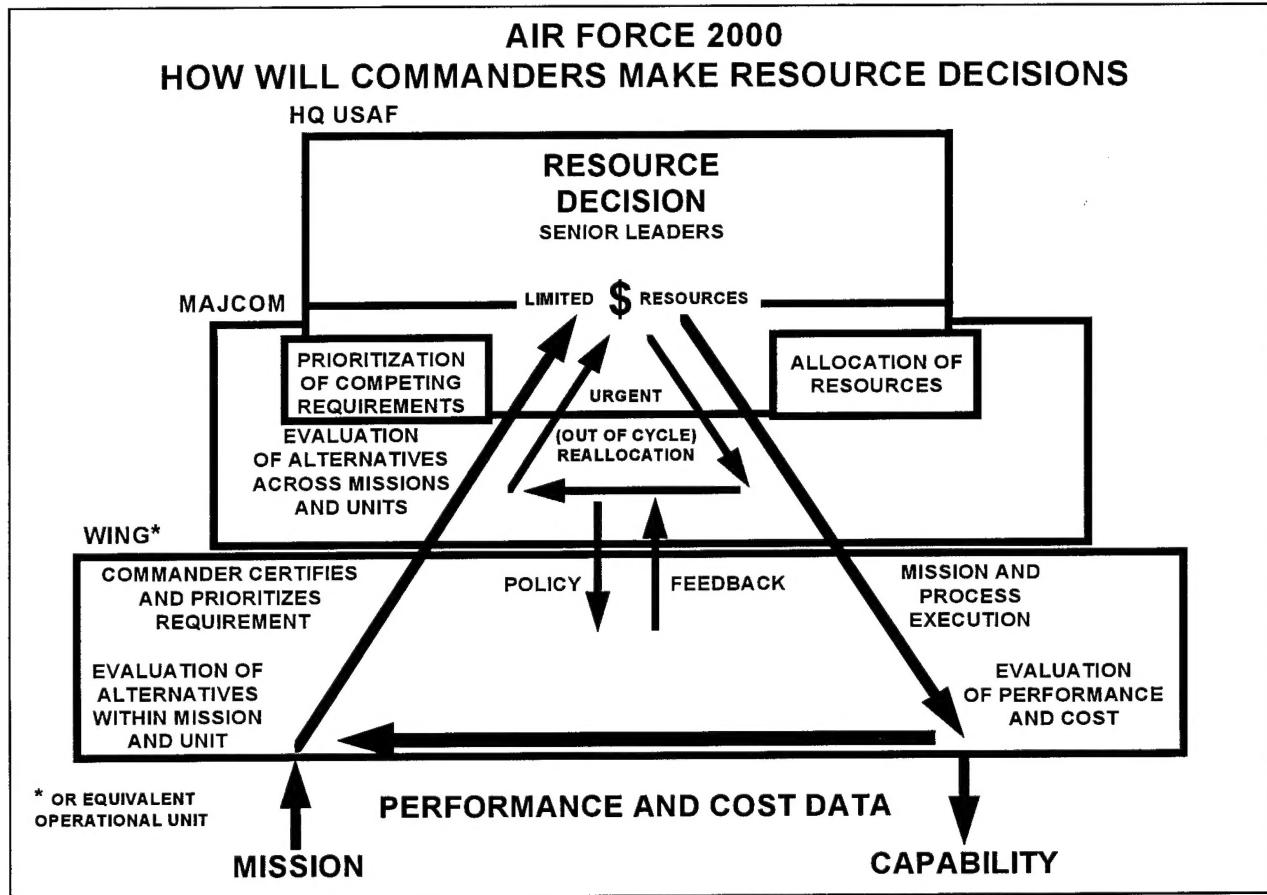
independent funding and performance cycles that we operate with today. The GPRA cycle begins with the strategic plan. The performance goals are taken from the strategic plan. Funding is based on the planned outputs identified in the performance goals.



The actual performance is accomplished and subsequently compared to the performance goals in the strategic plan. At this point, the decision may be made to adjust funding based on the cost required to produce an output at the specified performance level. Finally, the business practices and strategic goals are reviewed for adjustment. The appropriate changes are then included in the strategic plan, where the cycle repeats itself. (2:6)

The potential benefits of GPRA can be more readily appreciated by reviewing the following table. The key points of this table include the identification of the three

organizational levels: wing, major air command (MAJCOM), and Headquarters Air Force (HQ USAF). In addition, the pyramid frames the process for prioritizing and allocating competing requirements. That is, mission requirements that originate at the wing level are forwarded to the MAJCOM (up the left side of the pyramid) where they



compete with other unfunded requirements. If the requirement competes well at the MAJCOM, it is included in the MAJCOM program objective memorandum (POM) submission to HQ USAF. Likewise, if the requirement competes well at the HQ USAF level, it will be included in the President's Budget which will be forwarded to Congress. If the requirement survives Congressional adjustments, it will be authorized and funded.

HQ USAF allocates the funding to the MAJCOM (down the right side of the pyramid), who then allocates the funding to the wing for mission execution. This is where the process stops today. (2:9)

GPRA would complete the funding/performance cycle by providing the previous year mission performance indicators for consideration during the beginning of the future years requirements prioritization process (base of the pyramid). The commander would have fact-based information to help him or her with resource management decisions, especially during the budgeting process. More specifically, the commander would have more than prior year expenditures and “gut feel” available to him or her as baselines for budgeting decisions.

Now that we have a better understanding of the operational environment that awaits future commanders, we need to assess the needs that will allow them to operate successfully within that environment. First, commanders will need tools that will provide a clear understanding of the relationship between cost and performance. Second, they will need a clear understanding of all resource dynamics (i.e., people, dollars, material). Third, commanders must have access to a capability that will provide rapid identification and evaluation of alternatives to improve mission performance. This capability does not routinely exist today. Fourth, the commander will need a seamless database to streamline and stimulate the decision process. Today, data is pulled from several databases and worked “off line.” The ability to enter one database and “touch” all related resource management information would certainly produce more timely and accurate information for the commander.

An integrated resource management capability will provide for the commander's needs, especially in the operational environment outlined above. Specifically, the IRM capability would provide "one stop shopping" for all resource management issues. The IRM capability would consist of an integrated team of resource managers (e.g., Financial Management, Manpower, Personnel) that would be trained to identify, research, and analyze resource management issues. This ad hoc team would work in their primary specialty until the commander tasked them to resolve a cross-functional resource management issue. IRM team members would bring their functional expertise to the table on any resource management issue--much like they do today. However, they would also receive comprehensive analysis training, allowing them to investigate the root causes of resource issues. Finally, they would work resource issues as an integrated team, instead of independent consultants. (2:11)

As a result, the IRM team should be able to provide recommendations to improve the ratio of cost to a unit of performance. This can be done by reducing the cost to perform a process or by enhancing the performance of a process improvement. Reducing unnecessary costs or improving processes translates into improved mission capability.

CONCLUSION

To efficiently and effectively accomplish the mission, the installation commander in the year 2000 will have to work "trade offs" among scarce resources in a way not possible today. This paper reviewed several assumptions about the operational environment in the year 2000, to include the impact of GPRA. These assumptions were instrumental to the process of identifying four potential future needs of commanders

(i.e., understanding cost and performance, understanding resource dynamics, possessing a capability for rapid identification and evaluation of mission alternatives, and establishing a seamless database). The benefits and capabilities of integrated resource management were then outlined as a means to help the future commander satisfy mission requirements. Clearly, the integrated resource management capability should prove to be a fundamental need for future commanders. Will we be prepared to deliver this capability?

RECOMMENDATION

To effectively implement the IRM capability by the year 2000, all resource management career fields must start working toward that objective today. Specifically, HQ USAF resource managers should develop an implementation plan that will detail the concept so everyone understands its potential; detail the milestones necessary to implement a seamless database by the year 2000; identify and define the performance measures that we should start collecting; define performance analysis; define the training necessary to complete performance analysis; and outline the IRM membership and responsibilities.

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